Weekly Economic Brief

Collaboration with The Investing Group (TIG)

by Saied Toossi | Week of July 6, 2026

Last week's jobs report poured cold water on recent labor market trends, with job growth slowing markedly relative to the prior three months. Consistent with that slowdown, consumers remain anxious about current economic conditions, even as the U.S.-Iran MOU lifts expectations for the future.

The economy added 57,000 jobs in June, below expectations but roughly in line with the average monthly change over the past year. Healthcare and social assistance remained the main driver of job growth. One month of data does not make a trend, of course, and the initial figure is likely to be revised in future releases. The unemployment rate paints a more stable picture, ticking down slightly from 4.3% in May to 4.2% in June, though the decline was driven by a falling labor force participation rate as discouraged workers dropped out of the workforce. That dynamic was mirrored in May's JOLTS data, which continued to reflect a labor market at a standstill, with job seekers finding it difficult to secure employment.

Labor market anxiety and the cost of living remain key drivers of consumer sentiment. Although the Conference Board Consumer Confidence Index edged up slightly in June, the headline number masks a divergence between the Present Situation and Expectations indices. Consumers expressed greater optimism about the near-term outlook following the extension of the U.S.-Iran ceasefire, but felt worse about the present, with the share calling jobs "hard to get" surging to a 5.5-year high of 22.5%. With nominal average hourly earnings rising 3.5% year-over-year, workers have now endured three consecutive months of negative real wage growth against inflation hovering around 4%.

Meanwhile, the manufacturing sector finds itself caught in an inflationary vice. While the ISM Manufacturing PMI logged its sixth consecutive month of expansion, its Prices Index remained elevated as purchasing executives cited lingering supply chain friction from the U.S.-Israel-Iran war and tariffs keeping input costs high. The Trump administration's announcement last week that it would not renew the United States-Mexico-Canada Agreement (USMCA), which governs roughly $2 trillion in trade among the three countries, could add to those pressures. The agreement remains in effect but will now undergo annual reviews that could further alter the status quo, adding to trade and tariff uncertainty.

Week ahead for economic data: The upcoming release calendar is relatively light, featuring additional PMI readings from both S&P Global and ISM, along with ADP employment data and initial and continuing jobless claims. Of particular note will be the minutes from the FOMC's last meeting, the first headed by newly minted Chairman Kevin Warsh, which will offer insight into the committee's internal policy discussions.
